



NEWS RELEASE

CALIFORNIA STATE TREASURER PHILIP ANGELIDES

FOR IMMEDIATE RELEASE

January 31, 2002

STATEMENT OF TREASURER ANGELIDES ON STATUS OF ENERGY BONDS

SACRAMENTO, CA – California State Treasurer Philip Angelides issued the following statement today regarding the status of the Department of Water Resources energy bonds:

“I welcome the progress which has been made on the rate agreement required for the Department of Water Resources (DWR) energy bonds.

“There remain a number of steps which must be taken before bonds can be issued and funding is restored for critical services such as education, health care and public safety. In that regard, as we have previously indicated, the following key actions must still be completed before the Treasurer’s Office can move forward to market and sell the bonds:

- The PUC must adopt the rate agreement as well as the rate order establishing the revenues to which DWR is entitled. It must also amend the previously adopted servicing agreements which provide for the utilities to collect and forward to DWR rate revenues to which the State is entitled.
- A nationally recognized law firm(s), on behalf of DWR and/or the PUC, must issue legal opinions as to the validity of the financing structure proposed by the rate agreement and any court challenges must be satisfactorily resolved. These legal assurances must be in place for investors to purchase bonds and for rating agencies to issue investment grade ratings for these bonds.
- The bonds must receive investment grade ratings from the rating agencies, as required by state law. These ratings can be issued only after the PUC adopts the above-referenced measures and after resolution of the legal matters cited above.

“Once the PUC has taken the required actions and all legal issues have been resolved, this office can issue a schedule for bond issuance.”

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